

Memorandum for: D/EURA

Attached are some talking points that
[redacted] did on very short notice yesterday
for Steve Canner at Treasury.

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E U R A

Office of European Analysis
Directorate of Intelligence

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Poland's Agricultural Trade

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Beginning in the early 1970s, Poland viewed rapid growth in domestic consumption as a step that would encourage higher labor productivity and quiet social tensions. Warsaw's primary effort was to make dietary improvements, mainly by boosting per capita consumption of meat and dairy products. While the Poles made impressive gains in raising domestic grain output, feed production lagged behind livestock output and consumer demand. Warsaw relied increasingly on agricultural imports, financed largely by readily available Western credits, to bridge the gap between domestic production and rising consumer demand. As a result, by the 1980s, Poland found itself consuming well beyond its means and heavily dependent upon the West for much of its basic foodstuffs and agricultural raw materials.

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- o Poland's total agricultural trade balance (trade in food, raw materials for food, and nonfood agricultural commodities) deteriorated rapidly during the 1970s from a modest deficit of \$57 million in 1970 to a record \$2.4 billion deficit in 1981. During the same period,

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a \$119 million surplus to a \$1.7 billion deficit. []

- o Poland's agricultural trade balance with the West** STAT
deteriorated from a surplus of around \$92 million in
1970 to a deficit of \$1.9 billion in 1981. With respect
to trade in food alone, Poland's trade with the West
went from a \$185 million surplus in 1970 to a \$1.4
billion deficit in 1981. [] STAT
- o Agriculture's role as a hard currency earner declined
sharply during the 1970s. While 31 percent of Poland's
hard currency earnings resulted from exports of
agricultural goods in 1970, their share had fallen to
about 11 percent by 1981. [] STAT
- o By 1981, Poland was dependent on the West for about 80
percent of its total imports of agricultural
commodities. Imports of agricultural goods accounted
for roughly 57 percent of Polish purchases from the West
in 1981. [] STAT
- o Imports of grain and livestock feedstuffs, almost
entirely from the West, comprise the bulk of Poland's
agricultural imports. Reflecting the emphasis on
expanding livestock output, the volume of grain, oilmeal

* Includes food and raw materials for foodstuffs.

** Trade with the non-communist area.

between 1970 and 1980. On a value basis, their share in Poland's total agricultural imports rose from roughly 30 percent in 1970 to over 50 percent in 1980.

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o Western government credits and guarantees greatly facilitated Polish imports. Both France and Canada have extended credits under long-term grain agreements with Poland during the 1970s. Since 1966, US Commodity Credit Corporation (CCC) programs have financed over \$4.5 billion of US agricultural exports to Poland. In FY 1981, CCC programs financed roughly 92 percent of all US agricultural exports to Poland, compared with 31 percent in 1973.

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